

---

# **Social Security and Women**

*Briefing from the UK Women's Budget  
Group on the impact of cuts to social  
security benefits since 2010 on women*

## Social security and women: a story of increasing vulnerability

Briefing from the **UK Women's Budget Group** on the impact of cuts to social security benefits since 2010 on women

### Key points

- *Cuts to social security benefits affect women more than men because of their generally lower income, longer lives and greater caring responsibilities.*
- *The total cumulative cut by 2021-22 is estimated to be worth £38.6bn per year (as costed by the OBR, using CPI)*
- *Nearly half of the successive cuts since 2010 in the real value of social security benefits are due to lower indexation and freezes in benefits and tax credits.*
- *Drastic cuts to certain tax credit elements and the introduction of Universal Credit (UC) will penalise many women as primary carers and secondary earners. The payment of UC into a single bank account on a monthly basis makes budgeting more difficult and increases the risk of financial abuse for women in controlling relationships.*
- *Cuts to child-related payments for third and subsequent children are unfair to children and will disproportionately hit the incomes of BAME women, who tend to have larger families.*
- *Stricter eligibility conditions for lone parents and disabled people to claim benefits have made many disadvantaged people, and women in particular, more vulnerable, especially in the context of a precarious labour market. These cuts have not been accompanied by equivalent resources for support to find suitable employment and services such as childcare.*
- *Cuts to housing benefits in the context of rising private rents have been severe and have led to difficulties for families in finding suitable accommodation near schools and the workplace, affecting lone parents in London in particular. This is reinforced by the introduction of a weekly benefit cap in 2011, and its further reduction in 2015.*
- *WBG argues that the scope and generosity of the social security system should be reinstated and based on principles of human rights, alongside adequate investment in the social infrastructure of education, health and care public services. Failing to do so risks making short-term cost-savings, but storing up long-term problems.*

Social security is a fundamental element of a caring economy that promotes well-being for all, decent living standards and opportunities for everyone to fulfil their potential in life. Protection against social risks such as illness, poverty or unemployment can come in many forms. Public services provide for health, care and personal safety needs; regulation protects workers and consumers; and cash transfers provide financial support for those unable to earn and for additional costs such as those caused by disability or raising children.

This briefing focuses on cuts and changes to the real value of social security cash transfers (benefits, tax credits and Universal Credit) that have been announced or implemented since June 2010 by the Coalition government and continued since 2015 by the Conservative government.

Women, on average, receive a greater proportion of their income in the form of such cash transfers than men, both because they tend to have lower incomes themselves (and so are more likely to need to claim), and because they often receive benefits for others whom they care for, especially children.

### Cumulative impacts

#### Size of the cuts

By 2021-22, policy changes will have resulted in a net £38.6 bn reduction per year in social security benefit spending in real terms (Table 1). This figure takes into account announcements made between the June

2010 Budget and the 2018 budget.<sup>1</sup> During the same period that social security spending has been so drastically reduced, the Coalition and Conservative governments have ushered in successive tax cuts totalling, by 2021-22, around £47bn per year. These tax cuts are made up of above-inflation increases in income tax thresholds, fuel and alcohol duty freezes and cuts to corporation tax rates.<sup>2</sup>

Table 1. Cumulative amounts of annual social security spending reductions by type and period, in 2021-22 (£m)

	Coal. 2010-15 Osborne	Cons. 2015-16 Osborne	Cons. 2016-19 Hammond	Total
Freeze & indexation	14,331	4,252		18,583
Other changes to Tax Credits and UC	2,995	5,530	-1,895	6,630
Child Benefit tax (higher earners)	2,481			2,481
PIP / DLA / ESA	3,327	1,979	-1,425	3,880
Housing benefits	1,758	2,577	325	4,660
Benefit cap	325	490		814
Other	809	732	30	1,571
<b>Total</b>	<b>26,026</b>	<b>15,558</b>	<b>-2,425</b>	<b>38,619</b>

Source: WBG calculations, using OBR policy database

Table 1 is a summary of the cuts by type and by the Parliamentary period in which they were announced. It shows by how much social security spending will be reduced for each measure in the year 2021-22 compared to if the system in place April 2010 had continued. It includes the implementation of Universal Credit as forecast by the OBR in their policy measure database.

Table 1 shows that almost half of the cuts have come from changes in the uprating of working-age benefits and tax credits (£19bn). First, in 2011, by changing from using the Retail Price Index (RPI) to the generally lower Consumer Price Index (CPI) for most working-age benefits and a temporary freeze in Child Benefit.

This was followed, in 2013-14, by 1% annual uprating and then another freeze in most benefits for 4 years from 2016-17.

Furthermore, while the Chancellor confirmed in his 2016 Autumn Statement that there would be no further social security savings, £13bn of annual savings announced since June 2015 will take effect by 2021-22. This includes measures that are still to come, such as the full effect of rolling out Universal Credit by migrating current claimants.

There were no significant changes to social security in the Spring and Autumn Budgets of 2017. Minor additional spending on Universal Credit and savings on housing benefits were costed at a net £30m extra spending in 2021-22 by the OBR<sup>3</sup>.

The 2018 Budget increased the work allowance in Universal Credit by £1000 per year (from £2,376 for those getting support with housing and £4,908 for those not getting support with housing). The work allowance is the amount of earnings individuals or households can keep before their maximum UC entitlement is withdrawn at the rate of 63p for every additional pound of net income.

Not all claimants will benefit, however. The change applies only to those individuals/families who were left with a work allowance after recent cuts. These are working families with children (lone parents and couples) and working people with disability and limited capability to work (whether single or not)

For these, the gain is £630 per year. Individuals and households without children do not benefit and their work allowance remains cut to zero, down from £1332 per year following the July 2015 Budget.

Overall this measure amounts to additional spending by government of £1.7 billion per year by 2023-24; but this is only making good half the cut to the work allowance announced in the July 2015 Budget.

The 2018 Budget also included new measures to provide additional transitional support to some claimants. These measures are welcome; but they are also a clear sign that the system is not properly designed for its multiple objectives.

<sup>1</sup> OBR policy measures database, <https://bit.ly/36puhQ7>

<sup>2</sup> See WBG briefing on gender impact of taxation (<https://bit.ly/2EsMhiG>)

<sup>3</sup> OBR policy measure database, <https://bit.ly/36puhQ7>

The process of ‘managed migration’ of existing claimants of legacy benefits onto UC has been delayed and is now expected to be complete by December 2023.

### Gender impacts

59% of the cumulative social security cuts by 2021-22 will have come from women’s purses.

Over the same period, women will, on average, have gained less than men from changes to tax. The WBG has shown, using the Landman Economics tax-benefit model, that women will, by 2021-22, bear around 61% of the total annual ‘fiscal consolidation’ burden as a result of tax and benefit changes (and 75% of the changes since 2015). Women are hit harder than men at all income levels, and black and Asian women are hit hardest.<sup>4</sup>

#### Size of the cuts: Uprating against RPI

The Landman Economics tax/benefit model estimates the annual impact of a similar number of policy changes as the OBR estimates. It differs from the OBR model in that it uprates the April 2010 counterfactual by RPI rather than CPI. Using the Landman model, the total real-term cut to social security spending is £56bn per year by 2021-22.<sup>1</sup>

The House of Commons Library, using a similar but more refined methodology to apportion the aggregate policy measures to each gender, and based on OBR costings, concluded after the 2017 Autumn Budget that women would have contributed up to 86% of the cumulative spending cuts and tax changes between April 2010 and April 2020.<sup>5</sup>

### Child Benefit

WBG has long argued that a system of social security benefits that assists with specific needs and costs should, insofar as possible, use mechanisms other than means testing to help low-income families. Since

2013, Child Benefit has been clawed back from higher-income parents where one partner earns more than £50,000, thereby departing from its universal nature. The real value of Child Benefit has also been significantly reduced by consecutive freezes and/or uprating by less than inflation. Women have been disproportionately affected by these cuts as they account for around 9 out of 10 recipients.

### Tax Credits and Universal Credit

#### Overall changes

The system of tax credits – means-tested cash transfers for low-income families with children and/or with someone in employment – has been dramatically changed by successive measures since 2010, reducing both its value and employment incentives. Moreover, its replacement by Universal Credit (UC) will further reduce the level of support available. UC is still being phased in, with current plans for full implementation by December 2023.<sup>6</sup> Originally intended to be slightly more generous on average, successive cuts will make UC about £2.4bn less generous per year by 2022-23, compared to its legacy benefits and about £1bn less generous when accounting for transitional protections.<sup>7</sup> <sup>8</sup> Those who are moved from the legacy system on to UC get transitional protection; but it is only in cash terms, and is withdrawn in many cases if their situation changes.

#### Gender impacts of tax credit and UC change

The abolition from April 2017 of any additional child element in UC for third and subsequent children will have a disproportionate adverse impact on BAME women. 51% of Black African, 65% of Pakistani and 64% of Bangladeshi children live in families with three or more children compared to 30% of those in White British families. In addition, 15% of Black Caribbean, 23% of Black African and 11% of Pakistani children are in lone-parent families with three or more children.<sup>9</sup> The size of the cut is significant. By 2021-22, about

<sup>4</sup> See WBG analysis (28 Nov 2016) ‘New research shows poverty, ethnicity & gender magnify the impact of austerity on BME women’ (<http://bit.ly/2gBl8gp>)

<sup>5</sup> See HoC Library note on method and figures (<http://bit.ly/2ml9FEp>). One of the main differences with the Landman Economics method is to continue to allocate individually the elements underlying entitlements to Universal Credit (eg child and childcare elements to mothers) rather than splitting it equally for couples.

<sup>6</sup> See updates at <https://bit.ly/2PrQHYp>

<sup>7</sup> OBR (2018) *Welfare trends report – January 2018* (<https://bit.ly/2navMN4>).

<sup>8</sup> Not all changes to UC have been cuts. For example, the increase in subsidies for childcare costs from 70% to 85% in UC will be above the pre-2010 level of 80% in the tax credits system. However, the net effect has been a reduction in overall payment amounts.

<sup>9</sup> WBG calculations by Lucinda Platt (LSE), based on Households Below Average Income surveys (2010/11 to 2012/13). (Current recipients will not be affected)

680,000 families on UC with three or more children will receive £1300 less per year.<sup>10</sup>

Following a court ruling won by the Child Poverty Action Group (CPAG) in April, 2018<sup>11</sup> the exceptions for the two-child limit will be extended, from November 2018, to children who are adopted or in kinship care, regardless of their order in the family. This is of course welcome but does not in itself reverse the drastic cuts for the vast majority of large families.

In addition, cuts to work allowances in UC and the increased taper rate compared with tax credits for many 'second earners', reduce employment incentives and therefore the capacity of many women to earn a decent living.

The government has argued that the changes to UC should be considered in the context of broader policy changes. In particular, that the cuts to UC and tax credits were offset by the introduction in April 2016 of a higher minimum wage for people aged 25+ (the so-called National Living Wage), and the increased personal tax allowance. The government argues that these changes contribute to creating a high-wage, low-welfare, low-tax economy. However, analysis has shown that those who benefit from the NLW, and those who get most from increased personal tax allowances, are not necessarily the same as those who lose out from the cuts to UC/tax credits.

Analysis by the Women's Budget Group showed that by 2021/22, employed lone mothers entitled to UC would lose on average £4933 per year if changes to income tax, NICs, the National Living Wage, benefits and tax credits are assessed together. This means that the measure announced in Budget 2018 would only reverse about 13 per cent of the cumulative average cut in their net incomes. For working couples with children, set to lose about £4600 for single earners and £4200 for dual earners, the increase reverses 14 per cent and 15 per cent of the cumulative cut respectively. Lone mothers not in employment – who will not benefit from this measure – will still lose a staggering £7000 per year in total by 2021/22.<sup>12</sup>

Ministers appear to be 'increasingly alarmed' at the realisation of a less generous UC than originally planned.<sup>13</sup> Some flexibility has been introduced or improved, such as the abolition of the seven-day waiting time. The Work and Pension committee is undertaking an inquiry about improving support for childcare costs, potentially with upfront payments.<sup>14</sup>

It is also important to point out how the replacement of tax credits by UC interacts with the increase in the personal tax allowance. As UC is means-tested on net income, not on gross income as in the case of tax credits, 63% of the full 'gain' from any increases in personal tax allowance of a UC recipient with taxable income will be clawed back, compared to a non-UC recipient on the same earnings who will get the full amount of the tax cut.

In our view, there is a persistent lack of official gender analysis of tax credits, or their replacement by UC. This is a disregard of the government's duties under the Equality Act 2010. It is vital for several reasons. Firstly, cuts in tax credits are bound to affect women disproportionately, given that they are the main recipients of Child Tax Credit and childcare subsidies. Secondly, tax credits and UC also act as a (poor) substitute for a system of well-paid leave, adequate social security and public services to support those needing time out of the labour market and/or financial support while caring. Tax credits and UC are seen by many as topping up low pay, which in many cases has a gender dimension, related to the undervaluation of typically 'female' work. But they can also be seen as topping up low household income, caused by 'low-work intensity' – with one partner out of the labour market engaged in caring work often with a lack of individual entitlement to benefits, which in many cases also has a gender dimension.

### *Conditionality for lone parents*

In 2008, the Labour government introduced a Lone Parent Obligation, under which lone parents with a youngest child aged 12 were expected to seek employment. They would no longer automatically qualify for income support and instead Jobseeker's

<sup>10</sup> WBG calculations using the Landman Economics tax-benefit model

<sup>11</sup> CPAG (2018) 'What does the Budget mean for universal credit (and how much will families benefit - or not)?' (<https://bit.ly/2SNLXy0>)

<sup>12</sup> Ibid.

<sup>13</sup> The Times (6 Oct 2018) 'Families lose £200 a month in universal credit switch' (<https://bit.ly/2ytc83K>)

<sup>14</sup> House of Commons Work and Pensions Select Committee (2018) *Universal Credit inquiry* (<https://bit.ly/2xuXkmi>)

Allowance (JSA) conditions would apply. The youngest child age limit was reduced by successive governments and, in the 2015 Summer Budget, reached three.

The government also changed the status of the flexibilities in conditionality that lone parents claiming UC could access from 'regulatory' to 'guidance', thereby removing the legal obligation to consider their specific circumstances with respect to their ability to work.

An independent inquiry by the Fawcett Society into women and Jobseeker's Allowance found that, even before the downgrading of such flexibilities in UC, the JSA regime takes insufficient account of the distinctive circumstances of women's lives.<sup>15</sup> These may include being stuck in low-paid jobs, the impact of their caring responsibilities and the fact that they are at much higher risk of domestic and sexual violence. Lone parents are more likely to be sanctioned without good reason than other groups. 40% of decisions to sanction lone parents are overturned, suggesting they are often unreasonably sanctioned in the first place.<sup>16</sup>

The government also decided that, under UC, conditionality will also apply to couples with children, ignoring the worsening of employment incentives for many 'second earners' under the system. Employment incentives for second earners in the tax credit system that UC is gradually replacing had already been reduced in 2010 by changes in taper rates and thresholds.<sup>17</sup>

### **Housing benefit and social rents**

Housing benefit has suffered some of the biggest cuts over the past eight years. The 'bedroom tax', affecting social housing tenants, is the most well-known. However, there have also been a series of changes affecting private-sector tenants, around two-thirds of whom are women.<sup>18</sup> Most significant of these are the introduction (and reduction) of the benefit cap and changes to local housing allowance (LHA) rates. LHA

rates are to the amount of rent that housing benefit can be claimed for. LHA rates were reduced from the 50<sup>th</sup> percentile of local rents for properties of the relevant size to the 30<sup>th</sup> percentile and indexed only to the Consumer Price Index, which is often significantly lower than rental increases.<sup>19</sup> This has left the majority of low income private renters facing a shortfall between the LHA they can claim and their actual rents.<sup>20</sup>

### **Disability and incapacity benefits**

Cuts to Disability Living Allowance (DLA), and its replacement by the Personal Independence Payment (PIP), and to Employment and Support Allowance (ESA) were achieved through a combination of changes to uprating and to eligibility conditions, as well as cuts to award amounts. One of the most significant changes to award amounts was the alignment of ESA to JSA from April 2017 for those in the work-related activity group.

DLA/PIP is a non-contributory, non-means-tested benefit designed to help with the additional costs of a disability or health condition. ESA is either a contributory benefit or a means-tested benefit<sup>21</sup> designed to partly compensate for the loss of income as a result of work incapacity (temporary or permanent).

Women have been disproportionately impacted by cuts to disability benefits, both as claimants and as carers. 55% of adults with disabilities and of those claiming PIP are women and 58% of carers are women (60% among those caring for more than 50 hours per week).<sup>22</sup>

As in the case of other working-age benefit cuts, reductions in the level of support for disability are framed as a labour market activation policy. However, recent government decisions have created a tougher regime that restricts people's 'enabling' opportunities rather than fosters them. The UN condemned the UK in 2017 for failing to tackle human rights issues for

<sup>15</sup> Ariss, A. et al. (2015) *Where's the Benefit? An independent inquiry into women and Jobseeker's Allowance*, London: Fawcett Society (<http://bit.ly/1zbv1Pb>)

<sup>16</sup> See Gingerbread website (<http://bit.ly/1yTHPkk>)

<sup>17</sup> Finch and Whittaker (2016) *Under New Management*, Resolution Foundation (<http://bit.ly/2lPrvex>)

<sup>18</sup> Private-rented sector housing benefit caseload (House of Common Library figures)

<sup>19</sup> Andrew Hood, IFS, at post Autumn Statement briefing, 26 November 2015: (<http://bit.ly/2lll5Hq>)

<sup>20</sup> Institute for Fiscal Studies (2017) *The cost of housing for low-income renters* (<http://bit.ly/2zQZZGa>)

<sup>21</sup> This element of ESA is being replaced by UC.

<sup>22</sup> See Carers UK fact sheet (<http://bit.ly/2lCyN5d>)

disabled people. A recent EHRC report responding to the UN admitted that not much had changed since, and confirmed that one in five disabled people had their human rights violated through less access to adequate employment and by bearing a greater burden of the welfare cuts than the non-disabled population.<sup>23</sup>

With additional challenges arising from cuts to social care and other social services, and with insufficient intervention on the demand side of the labour market to increase the number of jobs adapted to the needs of the disabled population, the changes to social security benefits will only make the life of disabled individuals and their carers worse. In December 2017 the government launched a policy strategy on improving health, social inclusion and employment opportunities of people living with disabilities which may offer some avenues for achieving positive change for people with disabilities.<sup>24</sup>

### Survivors of domestic violence and abuse

The social security system is failing survivors of violence and abuse when they need it most<sup>25</sup>. Poverty resulting from cuts to social security can leave survivors trapped with an abusive partner<sup>26</sup>. Payment of Universal Credit (UC) into a single bank account can make women more vulnerable to economic abuse.<sup>27</sup>

### Social Security for the future

WBG argues that social security is a necessary part of the social infrastructure on which a caring economy and society is based.

Well-functioning and extensive public services go a long way to address the many needs that individuals may encounter during their lives. Public provision is often preferable to relying on cash payments that enable individuals to purchase services in a market system. Markets in areas such as health and care have been shown to have limits, with quality often compromised by cost-cutting pressures.<sup>28</sup> In this regard, some cash support to families could be

replaced by adequate social services, for instance in the case of childcare and housing, where investing in social housing could be preferable to subsidising the private rental market through housing benefit payments.

However, adequate public services cannot and should not be seen as capable of addressing all needs. Neither should social security benefits be seen as a residual after-thought for destitute or poor people, or those potentially seen as 'undeserving'. Social security benefits should act as a means of achieving security for all, based on principles of human rights, including the right to decent living conditions, the right to participate in social life and decision-making, and the right to individual economic independence.

**Written by** Jerome De Henau (Senior Lecturer in Economics, the Open University) [j.de-henau@open.ac.uk](mailto:j.de-henau@open.ac.uk)

**UK Women's Budget Group, October 2019.**

WBG is an independent, voluntary organisation made up of individuals from Academia, NGOs and trade unions. See [www.wbg.org.uk](http://www.wbg.org.uk)

**Contact:** Mary-Ann Stephenson (WBG Director): [maryann.stephenson@wbg.org.uk](mailto:maryann.stephenson@wbg.org.uk)



<sup>23</sup> The Guardian (7 Oct 2018) 'One in five Britons with disabilities have their rights violated, UN told' (<https://bit.ly/2OloC1L>)

<sup>24</sup> See Government policy paper 'Improving lives: the future of work, health and disability', submitted to Parliament in December 2017 (<https://bit.ly/2kbkny8>).

<sup>25</sup> Marilyn Howard, 2019, Benefits or barriers? Making social security work for survivors of violence and abuse across the UK's four nations, WBG, <https://bit.ly/2oyzvbg>

<sup>26</sup> Women's Aid, 2017, Women's Aid responds to the Department for Work and Pensions' 'Benefit Cap: Number of Households capped to May 2017' report, <https://bit.ly/2PARYE8>

<sup>27</sup> Marilyn Howard and Amy Skipp, 2015, *Unequal, trapped & controlled: Women's experience of financial abuse and potential implications for Universal Credit*, Women's Aid and TUC <https://bit.ly/2JDJa7F>

<sup>28</sup> See various WBG analyses at <http://bit.ly/2lmCZe4>